



STATE OF DELAWARE  
**OFFICE OF THE GOVERNOR**

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**JACK A. MARKELL**  
GOVERNOR

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Dear Members of the Delaware Compensation Commission,

Thank you for the opportunity to comment on future compensation for executive branch leadership. As you know, recruitment and retention of the best leaders is critical for success in delivering the most efficient and effective services to the citizens of Delaware. This letter focuses on suggested changes to the cabinet compensation structure. We believe that the Governor's compensation does not need to be changed at this time. The Governor's compensation should remain the highest of any elected official, but compensation for cabinet members should not be constrained by a requirement that the Governor's salary be 10% higher than that of any cabinet member.

In recent years, budget challenges have prevented consideration of changes to the cabinet compensation structure, and the most recent Compensation Commission Report and Recommendations to be adopted into law was issued by your commission in 2005. In the intervening years, a number of changes to the scope of work of some cabinet agencies has greatly expanded the responsibilities of some cabinet members. We are not proposing across the board increases for the executive branch, and assume that some increases may be delayed or phased in over multiple years to due to the fiscal realities of the state budget.

Currently, the cabinet is organized into four tiers, with the following structure and pay:

**Tier 1**

<b>Secretary of Education</b>	<b>\$163,055</b>
<b>Chief Information Officer</b>	

**Tier 2**

<b>Secretary of Health and Social Services</b>	<b>\$150,088</b>
<b>Director, Office of Management and Budget</b>	
<b>Commissioner of Correction</b>	
<b>Secretary of Finance</b>	

**Tier 3**

<b>Secretary of Transportation</b>	<b>\$124,156 - \$140,572</b>
<b>Secretary of Services for Children, Youth and Their Families</b>	
<b>Secretary of Safety and Homeland Security</b>	
<b>Director, DEDO</b>	
<b>Secretary of State</b>	
<b>Secretary of Natural Resources and Environmental Control</b>	
<b>Adjutant General</b>	

**Tier 4**

<b>Secretary of Agriculture</b>	<b>\$121,333</b>
<b>Secretary of Labor</b>	
<b>Director, State Housing Authority</b>	

To simplify the current system, we recommend a structure with three tiers instead of four. Under this arrangement, the current fourth tier would be eliminated entirely, and the Secretary of Agriculture, the Secretary of Labor, and the Director of the State Housing Authority would move to Tier 3. The Secretary of State and the Secretary of Transportation would move from Tier 3 to Tier 2, and the Secretary of Health and Social Services would move from Tier 2 to Tier 1. We believe this simplified structure more accurately reflects the current roles and responsibilities of the members of the cabinet.

**Tier 1**

<b>Secretary of Education</b>	<b>\$163,055</b>
<b>Chief Information Officer</b>	
<b>Secretary of Health and Social Services</b>	

**Tier 2**

<b>Director, Office of Management and Budget</b>	<b>\$150,088</b>
<b>Commissioner of Correction</b>	
<b>Secretary of Finance</b>	
<b>Secretary of Transportation</b>	
<b>Secretary of State</b>	

**Tier 3**

<b>Secretary of Services for Children, Youth and Their Families</b>	<b>\$124, 156 - \$140,572</b>
<b>Secretary of Safety and Homeland Security</b>	
<b>Director, DEDO</b>	
<b>Secretary of Natural Resources and Environmental Control</b>	
<b>Adjutant General</b>	
<b>Secretary of Agriculture</b>	
<b>Secretary of Labor</b>	
<b>Director, State Housing Authority</b>	

Under this proposal, the Secretary of Transportation would move from Tier 3 to Tier 2, in recognition of the fact that the Secretary oversees nearly 1800 employees and a budget of over \$340 million in state funds, with total spending of about \$900 million. Agency responsibilities also include oversight of the Delaware Transit Corporation and all toll collection on Delaware roads. Projects in the Department of Transportation have the potential to reshape Delaware as we connect communities and improve transportation through road and bridge construction, greenways planning and multi-modal transportation planning.

This proposal also moves the Secretary of State from Tier 3 to Tier 2, recognizing that the Secretary administers nearly \$1 billion in state revenue; is responsible for corporate governance and banking regulation; manages the Delaware Veterans Home; and licenses more than 60 professions through the Office of Professional Regulation. The role of the Secretary in upholding the value of Delaware's corporate franchise is deeply important to the economic vitality of the state.

This proposal also moves the Secretary of Health and Social Services from Tier 2 to Tier 1. This move recognizes that the Secretary manages more than 4000 employees; directs 12 divisions serving some of Delaware's most vulnerable citizens; leads operation and policy implementation of the Affordable Care Act and other state and federal health care reform policy; oversees a budget of more than \$2 billion dollars; and is responsible for health coverage for one in five Delawareans.

In addition to changes to the tier structure, we suggest that the Governor have increased flexibility in negotiating salaries for new hires and appointments. Currently, the Governor can negotiate 5% above or below the current salary. We suggest that the range be increased to 10% above or below the current salary. The Commission only recommends salary changes every four years, and a larger range would allow the Governor to respond to shifts in the economy or job market during that time period, thus ensuring that we continue to attract and retain the best talent.

Again, thank you for the opportunity to comment, and thank you for your service to the state on this important commission. Your work is critical to the continued excellence of government in Delaware.

Respectfully submitted,



Drewry Nash Fennell  
Chief of Staff